FEATURES OF EXTERNAL PUBLIC FINANCIAL AUDIT OF BUDGET PROGRAM: EXPERIENCE OF THE STATE AUDIT SERVICE OF UKRAINE

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The State Audit Service of Ukraine (SAS) is a central executive body, the activities of which are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance and which implements state policy in the area of public financial control. [1].

State financial control is provided by SAS through state financial audit, inspection, procurement verification and procurement monitoring.

Ensuring the economic well-being of the country and performance of state functions through the implementation of state financial control, promotion of effective state management [2].

Since 2004, SAS has gradually introduced the state financial audit in the following types: audit of budget programs; audit of business entities and audit of local budgets, and from 2018: audit of state (regional) target programs, audit of investment projects, audit of the Pension Fund of Ukraine, funds of compulsory state social insurance, IT audit. In addition, measures are being taken to develop and implement other specialized types of audits, taking into account ISSAI and the development of quality methodology implemented.

SAS is an external auditor. In particular, the system of external audit in Ukraine, taking into account the powers of governmental and parliamentary control, European integration aspirations and national specifics, in particular identifying in relation to the object of control, is represented by two institutions, namely: SAS and the Accounting Chamber. The construction of such an external audit system, which is represented by two external audit bodies at this stage of the country's development, the level of financial and budgetary discipline and consciousness of heads of institutions, organizations and enterprises in the public sector is undeniably a positive phenomenon. After all, it is a so-called system of checks and balances, which in the international sense is a positive practice and helps to improve the efficiency and quality of audits carried out by relevant bodies and, not least, does not tend to one-sided coverage of public funds management. objective provides citizens with information about the state of use of their taxes.

SAS conducts state financial audit, which essentially falls under the terminology of international auditing standards as a combined (comprehensive audit). In
particular, the state financial audit conducted by SAS includes elements of audit of financial statements, performance audit and compliance audit. The peculiarity and value of such audits is the complexity and professionalism of the study.

During January-December 2020, SAS conducted 207 state financial audits: 43 audits of local budgets, 45 audits of budget programs, 117 audits of business entities (including 1 audit of the use of information technology) and 2 audits of investment projects. Since the beginning of the reporting year, state financial audits have covered financial and material resources totaling more than 227.7 billion hryvnias. As a result of proper response of control objects to the recommendations of state auditors during January-December 2020, losses of financial and material resources due to ineffective management actions (decisions) or risky operations in the amount of more than 895.8 million hryvnias were prevented. According to the results of state financial audits, almost 1.8 thousand proposals were submitted, and more than 1.4 thousand proposals were executed and implemented [2].

State financial audit of budget programs (hereinafter - audit programs) - a type of state financial audit aimed at analyzing and verifying the legality and effectiveness of management and use of state and local budgets during budget programs, achieving budget savings and their intended use, achievement of effective indicators of budget programs, correctness of accounting, reliability of financial and budgetary reporting, functioning of the system of internal control and internal audit.

The main tasks of the audit programs are the following:
1) analysis and check of:
   - legality and efficiency of planning and implementation of budget programs, achievement of their effective indicators;
   - legality and efficiency of management and use of budgetary funds, achievement of their economy, purposeful use and efficiency in activity of managers of budgetary funds during execution of budgetary programs;
   - correctness of accounting, reliability of financial, budgetary reporting of managers of budgetary funds;
   - functioning of the system of internal control and the state of internal audit of budget managers;
2) development of proposals and recommendations for eliminating the shortcomings and violations identified during the audit programs and preventing them in the future [3].

The mechanism of conducting audit programs by the SAS is regulated by an act of the Government.

At the same time, despite significant steps in the development of program auditing, a number of unresolved issues of its operation are currently unresolved, so it is important to ensure further development of regulatory, informational, personnel and methodological support of program auditing.

In particular, it is important to improve, develop and regulate the mechanism of planning and organizing audit of programs, approaches to audit procedures, defining criteria for auditing programs and evaluation indicators, research methods used at each stage of the program audit process (including mechanism and approaches to the organization and implementation of information collection), audit risk management, collection and execution of audit evidence, design and use of the
results, quality control, monitoring the implementation of the audit programs and proposals and recommendations and the results of their implementation.

References:
[1] On approval of the Regulation on the State Audit Service of Ukraine: Resolution of the Cabinet of Ministers of Ukraine від 3 лютого 2016 р. № 43. URL: https://zakon.rada.gov.ua/laws/show/43-2016-%D0%BF#Text

[2] State Audit Office of Ukraine: official website. URL: https://dasu.gov.ua/attachments/60567d79-9784-4c4f-8d5c-abb9af46d467_%D0%9F%D0%A3%D0%91%D0%9B%D0%86%D0%A7%D0%9D%D0%98%D0%99%20%D0%92%D0%86%D0%A2_2020_.pdf